

OFFICIAL
FILE COPY

DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

RECEIVED
LEGISLATIVE AUDITOR
99 AUG 17 AM 9:56

23

99800049
5621

INNOVATIVE ENDEAVORS, INC.
d/b/a PROJECT ALERT

FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date AUG 16 1998

Bruno
& Tervalon

CERTIFIED PUBLIC ACCOUNTANTS

***DISTRICT ATTORNEY OF THE THIRTY-SECOND
JUDICIAL DISTRICT***
Terrebonne Parish, Louisiana

FINANCIAL REPORT,
INTERNAL CONTROL AND COMPLIANCE REPORT

As of and for the year ended December 31, 1997

& Tervalon

MICHAEL B. BRUNO, CPA
ALCIDE J. TERVALON, JR., CPA
WALDO J. MORET, JR., CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Innovative Endeavors, Inc.
d/b/a Project Alert
New Orleans, LA

We have audited the accompanying statement of financial position of **Innovative Endeavors, Inc. d/b/a Project Alert (IEI)** as of June 30, 1998, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of **IEI's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

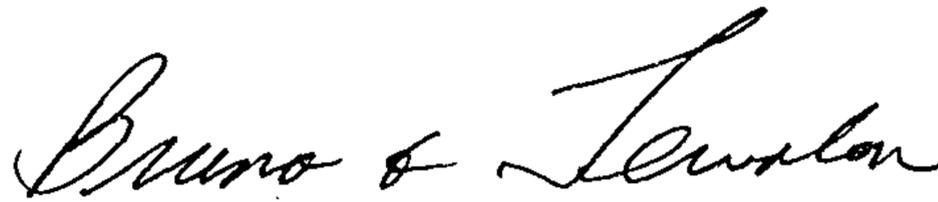
We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **IEI** as of June 30, 1998, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Innovative Endeavors, Inc.
d/b/a Project Alert
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 1998 on our consideration of IEI's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.



BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

July 21, 1998

INNOVATIVE ENDEAVORS, INC.
d/b/a Project Alert
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1998

ASSETS

Cash and cash equivalents (NOTE 2)	<u>\$ 3,400</u>
Total assets	

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	<u>3,400</u>
Total liabilities	<u>3,400</u>
Net Assets:	
Unrestricted net assets	<u>-0-</u>
Total net assets	<u>-0-</u>
Total liabilities and net assets	<u>\$ 3,400</u>

The accompanying notes are an integral part of these
financial statements.

INNOVATIVE ENDEAVORS, INC.
d/b/a Project Alert
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1998

Support:		
Grant-Office of Urban Affairs and Development, State of Louisiana		<u>\$245,000</u>
Total support		<u>245,000</u>
Expenses:		
Programs services		166,775
Management and general		<u>78,225</u>
Total expenses		<u>245,000</u>
Change in unrestricted net assets		<u>-0-</u>
Net unrestricted assets, beginning of year		<u>-0-</u>
Net unrestricted assets, end of year		<u>\$ -0-</u>

The accompanying notes are an integral part of these
financial statements.

INNOVATIVE ENDEAVORS, INC.
d/b/a Project Alert
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30,1998

Cashflow from Operating Activities:

Change in net unrestricted assets	\$ -0-
Changes in assets and liabilities:	
Increase in accounts payable	<u>1,387</u>
Net cash provided by operating activities	<u>1,387</u>
Increase in cash and cash equivalents	1,387
Cash and cash equivalents, beginning of year	<u>2,013</u>
Cash and cash equivalents, end of year	<u>\$3,400</u>
Interest expense paid	\$ <u><u>-0-</u></u>

The accompanying notes are an integral part of these
financial statements.

INNOVATIVE ENDEAVORS, INC.
d/b/a Project Alert
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 1998

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
Salaries and wages	\$102,988	\$68,319	\$171,307
Employee benefits and payroll taxes	7,882	5,226	13,108
Student stipends	15,635	-0-	15,635
Supplies	9,602	455	10,057
Postage and shipping	58	-0-	58
Occupancy	18,148	-0-	18,148
Insurance	2,419	-0-	2,419
Equipment	9,858	767	10,625
Professional fees	-0-	3,400	3,400
Other expenses	<u>185</u>	<u>58</u>	<u>243</u>
Total expenses	<u>\$166,775</u>	<u>\$78,225</u>	<u>\$245,000</u>

The accompanying notes are an integral part of these
financial statements.

INNOVATIVE ENDEAVORS, INC.
d/b/a Project Alert
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - BACKGROUND AND GENERAL DATA:

Innovative Endeavors, Inc. (IEI) was established on August 10, 1993. **IEI** is a non-profit corporation under the provisions of Section 501(c)(3) of the Internal Revenue Code. The services offered by **IEI** include providing training and treatment to seventh and eighth grade students from George Washington Carver Junior Senior High School as well as an interactive introduction in the use of computers through both classroom theory and laboratory practice. These services are provided on the campus of Southern University at New Orleans, Louisiana.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Principles of Accounting

The financial statements of **IEI** are prepared in accordance with generally accepted accounting principles, and are prepared on the accrual basis.

Cash and Temporary Cash Equivalents

For purposes of the statement of cashflows, **IEI** considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Funding

IEI receives its funding through support from the State of Louisiana.

INNOVATIVE ENDEAVORS, INC.
d/b/a Project Alert
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
(CONTINUED):

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributed Services

Contribution of services is recognized if the services received create or enhance nonfinancial assets or require specialized skills, and would typically need to be purchased if not provided by donation. Contributed services for the year ended June 30, 1998 was \$-0-.

Financial Statement Presentation

In June 1993, the Financial Accounting Standards Board (FASB) issued two (2) pronouncements: Statement of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made and SFAS No. 117, Financial Statements of Not-for-Profit Organizations.

INNOVATIVE ENDEAVORS, INC.
d/b/a Project Alert
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
(CONTINUED):

Financial Statement Presentation, Continued

Under SFAS No. 116, **IEI** must recognize contributions received as revenue, including unconditional promises to give, in the period received at their fair value. At the same time, contributions made, including unconditional promises to give, must be recognized as expenses in the period made at their fair value.

Under SFAS No. 117, **IEI** is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. As such, the financial statements are presented on the basis of unrestricted net assets. In addition **IEI** is required to present a statement of cash flows.

NOTE 3 - INCOME TAX STATUS:

IEI is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. **IEI** has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

INNOVATIVE ENDEAVORS, INC.
d/b/a Project Alert
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - RISK MANAGEMENT:

IEI is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, for which **IEI** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 5 - FAIR VALUES OF FINANCIAL INSTRUMENTS:

The estimated fair values of **IEI**'s financial instruments have been determined by **IEI** using available market information and appropriate valuation methodologies as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash	\$3,400	\$3,400
Accounts payable	3,400	3,400

NOTE 6 - CONCENTRATION OF RISK:

The primary funding source for **IEI** is through the State of Louisiana's Office of Urban Affairs and Development.

NOTE 7 - EQUIPMENT, FURNITURE AND FIXTURES:

Under its contractual agreement with the State of Louisiana, all equipment purchases revert to the State at termination of contract. Currently, **IEI** has custodial control and utilizes the equipment purchased in its training services. All equipment, furniture and fixtures are expensed in the year acquired. At June 30, 1998 cumulative cost of the purchases approximates \$43,000.

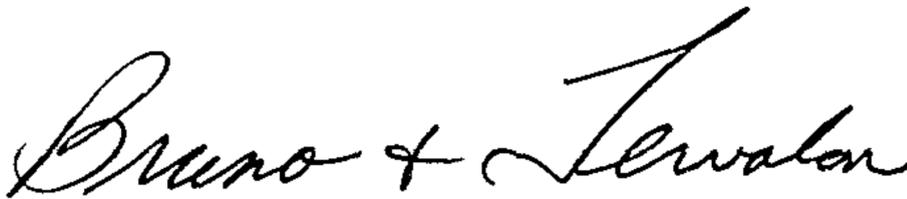
SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

To the Board of Directors
Innovative Endeavors, Inc.
d/b/a Project Alert

Our report on our audit of the basic financial statements of **Innovative Endeavors, Inc.** d/b/a **Project Alert (IEI)** appears on page 1.

That audit was conducted for the purpose of forming an opinion on the financial statements of **IEI**. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

July 21, 1998

INNOVATIVE ENDEAVORS, INC.

d/b/a Project Alert

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1998

<u>GRANTOR/PROGRAM</u>	<u>FEDERAL CFDA NUMBER</u>	<u>CONTRACT PERIOD</u>	<u>GRANT AMOUNT</u>	<u>GRANT REVENUE</u>	<u>GRANT EXPENDITURES</u>
State of Louisiana Office of Urban Affairs and Development	N/A	07/01/97- 06/30/98	\$245,000	\$245,000	\$245,000
Total			\$245,000	\$245,000	\$245,000

See Independent Auditors' Report on Supplementary Information.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Innovative Endeavors, Inc.
d/b/a Project Alert
New Orleans, LA

We have audited the financial statements of **Innovative Endeavors, Inc. d/b/a Project Alert (IEI)** as of and for the year ended June 30, 1998, and have issued our report thereon dated July 21, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether **IEI's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

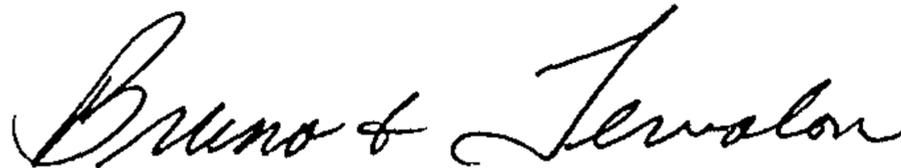
Internal Control Over Financial Reporting

In planning and performing our audit, we considered **IEI's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect **IEI's** ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. See accompanying Schedule of Reportable Condition for our description of the reportable condition.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition referenced above is not a material weakness.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

This report is intended for the information of the Board of Directors, management, state funding agency, and Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.



BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

July 21, 1998

INNOVATIVE ENDEAVORS, INC.
d/b/a Project Alert
SCHEDULE OF REPORTABLE CONDITION
FOR THE YEAR ENDED JUNE 30, 1998

o **YEAR 2000 COMPLIANCE**

Condition

The approach of the year 2000 presents significant issues for many financial information, and operational systems. Many systems in use today may not be able to interpret dates after December 31, 1999 approximately because such systems allow only two digits to indicate the year in a date. As a result, such systems are unable to distinguish January 1, 1990, which could have adverse consequences on the operations of IEI and the integrity of information processing, causing safety, operational, and financial issues.

Our audit of IEI's financial statements for the year ended June 30, 1998, does not provide any assurances that IEI's systems are year 2000 compliant. In addition, we were not engaged to perform, nor did we perform, any procedures to test whether IEI's systems are year 2000 compliant or whether the plans and activities of IEI are sufficient to address and correct the system or any other problems that might arise because of the year 2000. Accordingly, we do not express any opinion nor provide any other assurances regarding the year 2000.

Recommendation

We recommend that management insure that IEI's systems are year 2000 compliant.

Management's Response

It is management's opinion that its systems are year 2000 compliant.

INNOVATIVE ENDEAVORS, INC.
d/b/a Project Alert
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1998

Federal Awards, Continued

Are there findings required to be reported in accordance with Circular A-133, Section .510(a)?

N/A*

Identification of Major Programs: N/A*

Dollar threshold used to distinguish between Type A and Type B Programs: N/A*

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? N/A*

Reportable Conditions

Section II: Financial Statement Findings
97-1

Condition

o Year 2000 Compliance

Recommendation

We recommend that management insure that **IEI's** systems are year 2000 compliant.

Management's Response

It is management's opinion that its systems are year 2000 compliant.

INNOVATIVE ENDEAVORS, INC.
d/b/a Project Alert
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 1998

Sections I & II:

There were no prior year audit findings resulting from internal control and compliance audit material both to the financial statements and federal awards.

Section III:

Management letter

There were no prior year management letter comments.

INNOVATIVE ENDEAVORS, INC.
d/b/a Project Alert

EXIT CONFERENCE

The contents of this report were discussed with management in agreement at an exit conference held on August 11, 1998 and attended by:

INNOVATIVE ENDEAVORS, INC.

Mr. Salvatore Becnel -- Executive Director

BRUNO & TERVALON, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Alcide J. Tervalon, Jr., CPA -- Partner

Mr. Paul K. Andoh, Sr., CPA -- Senior Manager

Mrs. Latona Robertson Thomas -- Staff Accountant